201311H162

higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N910(E)(N21)H
NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N5

(4090555)

21 November 2013 (X-Paper)
09:00–12:00

This question paper consists of 7 pages.

BUSINESS STUDIES

Copyright reserved

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
MANAGEMENT: FARMING N5
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Write neatly and legibly.

BUSINESS STUDIES

Copyright reserved

SECTION A

QUESTION 1

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.1–1.10) in the ANSWERBOOK.

1.1 Firm control by management will encourage entrepreneurship in a business.

1.2 When a trust is declared insolvent, only the trustees have the advantage of limited liability.

1.3 The members of a private company vary between 1 and 10 natural persons.

1.4 A close corporation has legal personality.

1.5 A partnership has limited continuity.

1.6 The memorandum of association is the basic document when a company is founded.

1.7 The profit of a sole propriety is not taxable.

1.8 Farming profit can only be improved by mechanisation.

1.9 The return on a retirement annuity is partly taxable.

1.10 Pliability has to do with the farmer's ability to adapt his/her production plans.

(10 × 2) **[20]**

QUESTION 2

Choose from the following list of forms of enterprises, ONE that suits each description. Write only the name of the enterprise next to the question number (2.1–2.5) in the ANSWER BOOK.

trust; company; sole proprietor; partnership

2.1 The owner of the undertaking has unlimited liability for debts.

2.2 The article of association contains the rules and regulations for the management of the undertaking.

2.3 Membership varies between 2 and 20 natural persons.

2.4 Although the undertaking has no legal personality, only separated assets are exposed to failure.

2.5 Members of the undertaking are jointly and separately liable for depts.

(5 × 2) **[10]**

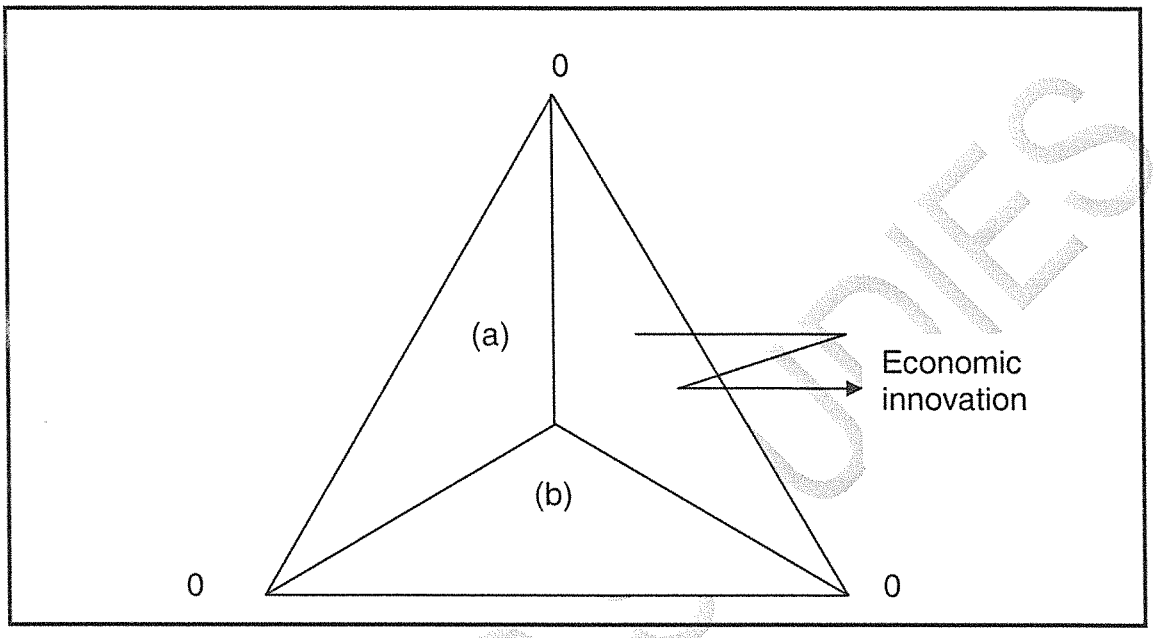
BUSINESS STUDIES

Copyright reserved

QUESTION 3

3.1 The diagram below gives a presentation of three dimensions into which entrepreneurial activities are divided.

Study the diagram and answer the questions that follow.



3.1.1 Identify the TWO dimensions marked (a) and (b). (2)

3.1.2 State FOUR criteria that an undertaking must fulfill to be innovative. (4)

3.2 State FOUR personal characteristics of a good entrepreneur. (4)
[10]

QUESTION 4

4.1 Many farming undertakings fail owing to certain reasons (factors). Some factors are CONTROLLABLE or UNCONTROLLABLE. Choose the answer and write only 'controllable' or 'uncontrollable' next to the question number (4.1.1–4.1.5) in the ANSWER BOOK.

4.1.1 A small farmer has limited access to resources such as raw materials and expertise.

4.1.2 A vegetable farmer maintains low sale volumes due to his/her limited knowledge of marketing principles.

4.1.3 A dairy farmer lost 30 dairy cows due to milk fever.

4.1.4 The government determines the minimum wage for farm workers.

4.1.5 The government reduces the rates on imported agricultural products. (5 × 2) (10)

BUSINESS STUDIES

4.2 State FIVE advantages of a business trust. (5 × 2) (10)

4.3 Explain *diversification* as a strategy commonly used in agriculture. (5)

4.4 Discuss the FOUR common external factors that need to be considered when planning a farming strategy. (4 × 3) (12)

4.5 Name THREE items found under the heading Farm Layout in the inventory of a farm. (3)
[40]

QUESTION 5

5.1 Give FIVE characteristics of a strategic plan. (5 × 1) (5)

5.2 Discuss the advantages of strategic planning for a farming enterprise. (3 × 3) (9)

5.3 Maintaining a high level of efficiency is important to improve farming profit and is a good strategy to decrease risks in the farming enterprise.

State TEN other strategies that do not necessarily improve profitability but will offer risk protection. (10 × 2) (20)

5.4 Name SIX sources of risk and uncertainty in agriculture. (6 × 1) (6)
[40]

QUESTION 6

6.1 Explain the nature and give examples of the following types of insurance:

6.1.1 Short-term insurance (5)

6.1.2 Long-term insurance (5)

6.2 Indicate whether the following types of policies can be classified under INDEMNITY or SECURITY. Choose the answer and write only 'indemnity' or 'security' next to the question number (6.2.1–6.2.5) in the ANSWER BOOK.

6.2.1 The insured amount is payable only when the insured dies.

6.2.2 The insured amount is payable after expiration of a predetermined period.

6.2.3 This type of insurance offers protection if the insured is declared medically unfit for normal work due to an accident.

6.2.4 This policy is a combination of a whole-life policy with profit, wherewith a term policy is incorporated.

BUSINESS STUDIES

6.2.5 This policy offers the farmer protection for unavoidable losses because of bad weather conditions.

(5 × 2) (10)

6.3 Discuss the nature of the following types of insurance:

6.3.1 Comprehensive third party insurance (5)

6.3.2 Retirement annuities (5)

6.4 Explain the following concepts regarding insurance:

6.4.1 Revealing duty (5)

6.4.2 Average clause (5)
[40]

QUESTION 7

7.1 State SIX prerequisites for a practical and adequate testament. (6 × 2) (12)

7.2 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–G) next to the question number (7.2.1–7.2.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
7.2.1	A declaration or additions to a testament made at a later stage	A	legatee
7.2.2	A testator favours a person subject to the condition that he/she gives a third person his/her duties	B	heir
7.2.3	A person to whom a specific asset is bequeathed in a testament	C	fideicommissum
7.2.4	The testator names alternative heirs in the event that the first heir no longer lives when he/she should receive the inheritance	D	codicil
7.2.5	Brian bequeaths his farm to his son Sam, with the stipulation that, on Sam's death, it should go to his son, Rob	E	modal clause
		F	substitution
		G	contributor

(5 × 2) (10)

BUSINESS STUDIES

7.3 Give a concise explanation of the contents of a trust clause. (5 × 2) (10)

7.4 Give THREE reasons why a farmer should consider the foundation of a trust in his/her testament. (4 × 2) (8)
[40]

TOTAL: 200

BUSINESS STUDIES

Copyright reserved